

TMR ends the first half-year with a 30% sales growth

DEMÄNOVSKÁ DOLINA (June 29, 2018) – After the first half-year consolidated revenues of Tatry mountain resorts, a.s. (TMR) increased by almost 30% year-over-year to EUR 65.5 mil., operating profit before depreciation and amortization (EBITDA) increased 23% to EUR 26.2 mil., and net profit reached EUR 12.2 mil.

The released consolidated results include the first half of the financial year 2017/18 (the period from November 1, 2017 to April 30, 2018).

“As a result of very favorable snow conditions and a double digit growth in the visit rate we are now reporting historically record financial results. Organic sales growth in the individual resorts has been complemented by the revenues of the Czech resort Ještěd which has been managed by us since December 2017. The significant growth in the Group’s revenues is also due to an increase in sales in Polish Sczyrk as a result of the previous year’s investments which have been reflected in the record growth of the visit rate in this resort. The reported results overall reflect our intensive CAPEX policy. During the last seven years we have invested over 300 million euros into our resorts. Further investments are planned also for 2018. Our CAPEX budget for this year includes investments of almost 40 million euros, out of which 17 million will go into the second phase of modernization of the Polish resort Sczyrk, and approximately 15 million will be spent in the Slovak resorts. Except for the extensive investments and newly modernized resorts during the past winter season we also managed to provide a varied offer of accompanying events and services that were popular among all age groups, from skiing enthusiasts to families with children. The season was a breakthrough thanks to the implementation of the new self-service ticket machines – GOPASS Points, which extended options to purchase a discounted ski pass directly in the resort. The Smart Season Pass with its variations was again the season’s number one hit. Our loyalty client program GOPASS grew to almost 600 thousand members, and we believe that after a successful first half of the fiscal year we will continue in the growth trends also in the second half.” Chairman of the Board of Directors and CEO of TMR, Bohuš Hlavatý, commented on the results.

Financial Performance

For the six-month period ended 30 April 2018 the TMR Group (Tatry mountain resorts, a.s. and its subsidiaries) sales amounted to EUR 65.4 mil. (+30% yoy). The total consolidated Group revenues increased by more than 29% year-over-year to EUR 65.5 mil.

The main segment, Mountains & Leisure, which accounted for 78% of total revenues, posted sales of EUR 51.3 mil., a 30.9% increase year-over-year. Mountain Resorts’ sales were positively impacted by a double digit growth in the visit rate in the Slovak resorts and Sczyrk, but also by the growth in the average revenue per visitor, closing the half-year period at EUR

35.9 mil. (+37% yoy). Furthermore, the reported half-year results also include the performance of the Czech resort Ještěd for the first time. Leisure Parks' revenues recorded an increase of 10% year-over-year, reaching EUR 3.3 mil. Except for the results of Aquapark Tatralandia they also include the performance of Silesian Amusement Park Legandia during a part of the winter. Dining revenues posted an improvement of over 21.0% with almost EUR 8.0 mil. Sports Services & Stores, correlated somewhat with the performance of Mountain Resorts recorded a 21.7% increase in revenues, totaling EUR 4.1 mil.

The second segment, Hotels, boosted total revenues with its 20.9% share and grew 20.1% to EUR 13.7 mil. The performance of this segment is the result of the growth in both – ADR and occupancy on the portfolio level. Effective marketing and sales tailored to clients' needs also contributed. The results were again supported by full capacity of the hotels, especially in peak periods, such as New Year's and "Golden Week" (the period after Christmas till Epiphany). With hotel stays domestic guests prevailed.

In the Real Estate segment during the observed six-month period TMR reported revenues of EUR 540 ths. (EUR 139 ths.) from the sale of the Challets and the lease of the accommodation capacities – Kosodrevina Lodge, Hotel Ski & Fun, Hotel Liptov, and Lodging Otupné.

Earnings before interest, tax, depreciation, and amortization (EBITDA) increased by 23.3% year-over-year to EUR 26.2 mil. primarily due to higher revenues. As a result of increase in consumption of material and higher wages and salaries, operating profitability expressed as EBITDA margin decreased by 1.9 percentage point to 40%.

Financial Plan

By the end of FY 2017/18 Management expects to achieve a 9.5% growth in annual revenues, or EUR 105.0 mil., and a year-over-year EBITDA growth of 6.3% to EUR 33.5 mil. TMR's results in the second half of the financial year will be impacted by the summer season in the mountain resorts, leisure parks, TMR hotels, as well as in ancillary services.

Investments

During 2018, TMR plans to invest almost 15 million euros in the Slovak resorts. Significant capital expenditures in Jasná will go to initial phases of the project of a new gondola between Biela Púť and Priehyba, but also towards renovation of rooms in Hotel Srdiečko and reconstruction of Koliba – Vyhládka Restaurant. In Vysoké Tatry TMR wants to complete the project of rooms renovation in Grandhotel Starý Smokovec; to increase the capacity of the Panorama Restaurant at Skalnaté Pleso; and to modernize the restaurant of the mountain chalet Hrebienok. Investments in Tatralandia will be mainly directed into completion of two new gigantic toboggans for families with children. However, smaller projects are also planned, including a complete renovation of 10 apartments in Holiday Village Tatralandia.

Investments in the Szczyrk resort will be directed mainly into infrastructure. As part of the second phase of modernization, TMR will invest almost 17 million euros into snowmaking

facilities and new ski lifts. Key investments also include a new 6-person gondola and a number of new F&B outlets.

TMR will also invest more than 6 million euros into the Silesian Amusement Park Legandia this year. The attractions will include a new year-round ride called Interactive Dark Ride Bazilišek. Other capex will go into F&B outlets and central parking area.

At the same time TMR will be undergoing a number of minor investments, including a new hotel software, adjustment to tracks and snowmaking in all its resorts and smaller investments in the hotels, restaurants, and sports stores. Other expenditures will be spent on project documentation for investment projects of the following years.

For more detailed results visit <http://tmr.sk/investor-relations/financial-information/>.

Key Operating Results*	Revenues			EBITDA			EBITDA Margin		
	1H 2017/18	1H 2016/17	Change yoy (%)	1H 2017/18	1H 2016/17	Change yoy (%)	1H 2017/18	1H 2016/17	Change yoy (p.p.)
Mountains & Leisure	51 324	39 224	30,8%	22 318	17 734	25,8%	43,5%	45,2%	-1,7%
Mountain Resorts	35 898	26 221	36,9%	18 919	14 385	31,5%	52,7%	54,9%	-2,2%
Leisure Parks	3 333	3 031	10,0%	495	660	-25,0%	14,9%	21,8%	-6,9%
Dining	7 984	6 596	21,1%	2 082	1 912	8,9%	26,1%	29,0%	-2,9%
Sports Services & Stores	4 108	3 376	21,7%	821	776	5,8%	20,0%	23,0%	-3,0%
Hotels	13 661	11 374	20,1%	3 488	3 092	12,8%	25,5%	27,2%	-1,7%
Real Estate	540	139	288,2%	406	429	-5,3%	75,3%	308,7%	-233,4%
Total	65 525	50 738	29,1%	26 212	21 256	23,3%	40,0%	41,9%	-1,9%

Selected Consolidated Unaudited Results (IFRS)		
in €'000	1H 2017/18	1H 2016/17
Sales	65 425	50 428
Other Operating Revenues	99	310
Total Revenues	65 525	50 738
Consumption of Material and Goods	-9 819	-7 860
Personnel and Operating Costs	-29 670	-22 170
Other Gain/ Loss	177	547
EBITDA	26 212	21 256
<i>EBITDA Margin</i>	40,0%	41,9%
Depreciation & Amortization	-8 040	-5 642
EBIT	18 171	15 615
Interest Income	744	662
Interest Expense	-6 837	-5 650
Income from Financial Instruments, net	90	395
Pre-tax Income	12 169	11 021
Income Tax	12	19
Net Profit	12 180	11 040
Revaluation of available-for-sale securities to fair value	0	25
Currency Translation Differences	69	405
Total Comprehensive Income	12 249	11 470
EPS (€)	1,813	1,691

Tatry mountain resorts, a.s. (TMR) is the leader in tourism in Central and Eastern Europe; it owns and operates attractive mountain resorts, amusement parks, restaurant facilities, sports services, shops and hotels. In the Low Tatras TMR owns and operates the resort Jasná Nízke Tatry and hotels Wellness hotel Grand Jasná, Boutique Hotel Tri Studničky, Chalets Jasná De Luxe, Hotel Srdiečko, and Hotel Rotunda. TMR is also the owner of Aquapark Tatralandia, the largest Slovak aquapark with year-round operation, which besides water entertainment includes Tropical Paradise, a special tropical indoor hall with sea water, as well as Fun Park, and accommodation in bungalows and apartments of Holiday Village Tatralandia. In the High Tatras TMR owns and operates the resort Vysoké Tatry with mountain areas of Tatranská Lomnica, Starý Smokovec, and Štrbské Pleso, which TMR co-manages. In the High Tatras TMR also owns hotels Grandhotel Praha Tatranská Lomnica, Grandhotel Starý Smokovec, Hotel FIS Štrbské Pleso and Mountain hotel Hrebienok. TMR also owns a 9.5 % share in Melida, a.s., which leases and operates the resort Špindlerův Mlýn in the Czech Republic. TMR also leases and operates the ski resort Ještěd. In Poland TMR owns a 97% share in the mountain resort Szczyrkowski Ośrodek Narciarski S.A. (SON), a 75% share in a company that owns and operates Silesian Amusement Park (Śląskie Wesołe Miasteczko) and a 7.3% share in an amusement educational project via the Polish company Korona Ziemi Sp. z o.o. TMR also owns and leases hotels Slovakia, Kosodrevina, Liptov and Ski&Fun Záhradky a Bungalovy to third parties. By the end of 2017, more than EUR 300 mil. had been invested into development and modernisation of TMR's resorts. TMR shares are traded on three European stock exchanges – in Bratislava, Prague, and Warsaw.